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SIPDIS

SENSITIVE

COMMERCE FOR 4520/ITA/MAC/ONE/COBERG

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SUBJECT: JORDANIAN TELECOMS PREPARED FOR CONFLICT PRESSURES

¶11. (SBU) SUMMARY: In recent meetings with Jordanian telecom operators, we were assured that fixed-line and wireless telecom networks were prepared for pressures on their systems in the event of a conflict in neighboring Iraq. Plans have been made to protect physical infrastructure, fleets, offices, and equipment, and officials fully expected their networks to be able to handle any strains on the system brought on by heavy call volume. END SUMMARY

¶12. (SBU) There are but two major players in the Jordanian telecom sector: Jordan Telecom (JT), (owned by the Jordanian Government--41.5%, France Telecom--40%, the Social Security Corporation--13%, and miscellaneous investors--5.5%) and parent company of mobile provider MobileCom, and Fastlink, recently purchased from Egyptian Orascom by the Kuwaiti Mobile Telecommunications Company. JT currently has 650,000 land-line subscribers. Fastlink dominates the wireless market, however, with 700,000 subscribers to MobileCom's 300,000. More rapid than expected growth in Fastlink's client base last year put a strain on the company's infrastructure, resulting in occasional periods of system failure, most notably during a snowstorm in January, 2002.

FASTLINK IS FINE

¶13. (SBU) On March 12, Fastlink CEO Michael Dagher told us that since last year, the company has spent \$120 million upgrading its infrastructure, and he was confident any surge in traffic could "smoothly" be accommodated in the event of conflict. He pointed out that there were no system outages during the late February blizzard in Amman, when the city was carpeted with 28 inches of snow, likewise during the recent Eid holidays when the network was handling twice the normal local traffic. He attributed the increase in capacity to the upgrades, and expressed confidence that Fastlink could, at present, handle 1.5 million customers at any given time. Dagher said he was more concerned about international calls, given what he said was limited capacity on the part of JT, currently the only legal provider for international traffic in and out of Jordan.

¶14. (SBU) Dagher also said that the company is working with the Ministry of Information Communication and Technology (MOICT) regarding security of Fastlink buildings and infrastructure, which is largely located within the Amman headquarters. Fastlink also has towers spread out throughout the country, and those will be guarded as well. Dagher added that Fastlink will depend on cameras, alarms, and a large (100 person) security force to protect company assets, including Dagher's private home.

JT READY

¶15. (SBU) Olivier Faure, JT Director of Marketing, told us March 9 they had "no worries" about the system's ability to handle either heightened domestic volume or international calls. He said that 70% of Jordan Telecom's traffic is within the Middle East and that the network is fully equipped to handle it. Faure said the company also had no strong concerns about international traffic backing up. He said additional switches recently added by JT should help the network accommodate calls from Jordan to the United States. He added that JT "can not control how traffic comes in," and fell back on the familiar JT refrain about long distance traffic bypassing JT's infrastructure via low-cost foreign carriers or pirated by illegal voice over IP operators. Faure said that MobileCom recorded no outages during the recent snowstorm, and that only a few of JT's fixed-line customers lost service due to phone lines downed by trees or heavy snow.

¶16. (SBU) Regarding JT's infrastructure, Faure said that the company's concerns were twofold: collateral or intentional damage to infrastructure, and interruption of fuel/energy supplies. Regarding the former, he said JT was working with the government to get extra police and military protection for buildings, switches, and towers. Faure said the bigger

problem could be servicing the network should either the JT maintenance fleet be unable to move due to a cutoff in fuel stocks, or equipment suffer damage as a result of an interruption in energy supply or flow. On the whole, however, Faure said both the wireless and the fixed-line networks would be "okay."

COMMENT

17. (SBU) Unlike the 2001 snowstorm, when the Fastlink network went down for a number of hours, Jordanian telecoms seem well-prepared for any surge in volume due to possible conflict in Iraq. If last month's blizzard, which effectively shut down the city for almost four days, was a test-run of sector infrastructure's ability to handle an increase, it appears that the confidence of Jordanian telecom officials may not be misplaced, absent any serious and long-term damage to infrastructure or equipment. On the other hand, problems--unrelated to military operations--with poor quality inbound voice and fax service can be expected to persist until the GOJ takes decisive action to address the regulatory and pricing issues that are their core.

GNEHM